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Home Appliance *NewsLine*

An AHAM Bulletin to Editors

FOR IMMEDIATE RELEASE
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Contact: Mary Gillespie
312/984-5822
Craig Schulz
312/984-5825

SECOND-BEST YEAR

FOR MAJOR HOME APPLIANCE SHIPMENTS

CHICAGO -- The home appliance industry surpassed 49 million units for a second consecutive year, as 1988 shipments exceeded 49.2 million units, reports the Association of Home Appliance Manufacturers (AHAM).

Record shipments of nearly 12.2 million units in the fourth quarter, up 1.7%, drove year-end levels to exceed the industry's forecast made as late as August.

Instead of a predicted 4% drop, 1988 shipments fell only 1.5% short of the all-time 1987 record of nearly 50 million units.

By surpassing their year-ago levels, half the product categories made a special contribution to the excellent year, and two core products -- refrigerators and automatic washers -- established new annual records of 7.2 million and nearly 6.2 million units, respectively.

December shipments of nearly 3.9 million units, up 0.9%, also set a new record for the month, the fourth such record established during the year. Previously, new February, August and November records were established.

1988 represents the first decline in annual shipments since 1984, when consecutive record years through 1987 resulted in shipments of 41.2 million, 43.6 million, 47.0 million and 49.9 million units, respectively.

A further softening of shipments is seen for 1989.

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MAJOR HOME APPLIANCE INDUSTRY SHIPMENTS*, THOUSANDS OF UNITS
December, 1988

	DECEMBER			CALENDAR YEAR TO DATE			CALENDAR QUARTER		
	1988	1987	% Change	1988	1987	% Change	1988	1987	% Change
ALL MAJOR APPLIANCES**	3,870.6	3,834.7	0.9%	49,237.4	49,980.6	-1.5%	12,198.9	11,991.2	1.7%
COOKING - TOTAL	1,601.6	1,599.0	0.2%	16,177.6	17,914.2	-9.7%	4,911.9	5,112.0	-3.9%
ELECTRIC RANGES - TOTAL	261.8	254.8	2.7%	3,201.7	3,345.9	-4.3%	850.5	847.0	0.4%
Free Standing	211.6	206.0	2.7%	2,566.2	2,690.6	-4.6%	679.9	678.5	0.2%
Built-In	50.3	48.8	3.1%	635.4	655.4	-3.1%	170.5	168.5	1.2%
GAS RANGES - TOTAL	191.4	197.3	-3.0%	2,167.3	2,142.6	1.2%	597.9	595.7	0.4%
Free Standing	181.4	186.6	-2.8%	2,040.8	2,022.2	0.9%	566.1	563.4	0.5%
Built-In	10.0	10.6	-5.7%	126.5	120.4	5.1%	31.8	32.3	-1.5%
MICROWAVE OVENS/RANGES***	1,161.4	1,160.5	0.1%	10,987.9	12,610.2	-12.9%	3,508.2	3,717.1	-5.6%
HOME LAUNDRY - TOTAL	802.5	823.5	-2.6%	10,791.1	10,634.9	1.5%	2,657.4	2,583.9	2.8%
AUTOMATIC WASHERS	439.6	453.8	-3.1%	6,190.4	5,998.2	3.2%	1,481.1	1,420.1	4.3%
DRYERS - TOTAL	362.9	369.8	-1.9%	4,600.7	4,636.7	-0.8%	1,176.4	1,163.8	1.1%
Electric	276.6	289.6	-4.5%	3,553.9	3,599.9	-1.3%	904.5	901.7	0.3%
Gas	86.3	80.2	7.6%	1,046.8	1,036.8	1.0%	271.9	262.1	3.7%
KITCHEN CLEAN UP - TOTAL	682.0	682.3	0.0%	8,382.6	8,696.9	-3.6%	2,183.8	2,170.7	0.6%
DISPOSERS	342.8	325.7	5.3%	4,232.6	4,438.8	-4.6%	1,110.9	1,088.1	2.1%
DISHWASHERS - TOTAL	318.4	331.1	-3.8%	3,907.4	4,032.0	-3.1%	1,009.0	1,022.1	-1.3%
Built-In	288.9	299.8	-3.6%	3,647.4	3,762.7	-3.1%	930.6	936.7	-0.7%
Portable	29.4	31.3	-6.1%	260.0	269.3	-3.5%	78.4	85.4	-8.2%
COMPACTORS	20.7	25.4	-18.5%	242.6	226.2	7.3%	64.0	60.5	5.8%
FOOD PRESERVATION - TOTAL	561.4	555.2	1.1%	8,575.8	8,231.8	4.2%	1,948.1	1,785.1	9.1%
REFRIGERATORS	466.8	469.5	-0.6%	7,227.0	6,972.1	3.7%	1,643.4	1,520.0	8.1%
FREEZERS - TOTAL	94.5	85.7	10.3%	1,348.7	1,259.7	7.1%	304.7	265.1	14.9%
Chest	51.5	49.5	4.0%	726.6	692.2	5.0%	166.3	145.8	14.1%
Upright	43.1	36.2	19.1%	622.2	567.5	9.6%	138.4	119.3	16.0%
HOME COMFORT - TOTAL	223.1	174.7	27.7%	5,310.3	4,502.7	17.9%	497.6	339.5	46.6%
ROOM AIR CONDITIONERS	215.0	170.1	26.4%	4,637.3	3,798.3	22.1%	470.2	320.5	46.7%
DEHUMIDIFIERS	8.2	4.6	78.3%	673.0	704.4	-4.5%	27.4	19.0	44.2%

* Domestic plus export shipments: includes both U.S. produced and imported products.
** Numbers do not add because of overlapping product categories.
*** Includes microwave ovens and combination microwave ovens/ranges.

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SLIGHT DECLINE IN '89

FOR MAJOR APPLIANCE SHIPMENTS

CHICAGO -- The industry forecast for 1989 shipments, prepared in August 1988, calls for a 7.4% decline from 1988 levels to a year-end total of 45.6 million units, reports the Association of Home Appliance Manufacturers (AHAM).

"The surprising strength of last year's fourth quarter, however, leads me to believe that actual shipments in 1989 will exceed the August forecast," reports AHAM Director of Marketing and Economics, Craig Schulz.

The projected decline comes as no surprise to an industry with consecutive record years from 1984 through 1987 and a better-than-anticipated 1988. Successive record years were not expected to continue indefinitely.

Shipment declines are expected for all product categories, yet the year-end total is likely to rank 1989 as one of the top five years in the industry's history.

Several factors are responsible for the high shipment levels of recent years, and if the economic climate remains positive, these factors will continue to sustain strong demand again this year.

1. With the population of 10+-year-old products constantly expanding, the number at replacement age is increasing. Replacement purchases account for approximately 80% of industry shipments.

2. The kitchen remodeling boom continues to motivate earlier appliance replacements, as well as first-time purchases. Product categories that usually benefit are dishwashers, refrigerators, food disposers, cooking equipment

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(especially built-ins) and trash compactors. The National Kitchen and Bath Association expects the kitchen remodeling pace this year to surpass last year's, which totaled 4.0 million remodeled kitchens plus 1.9 new add-ons.

3. According to the Census Bureau, new households will form at a rate of at least one million annually through the next decade, resulting in first-time purchases of the basics -- refrigerators and ranges. New households will form more slowly in the 1990s than in the previous decade.

4. New homes will account for a significant number of dishwasher, disposer and range shipments and, to a lesser degree, refrigerator shipments. In 1989 alone, the National Association of Home Builders projects 1.4 million housing starts, which is a decrease from previous years.

5. U.S. appliance exports are on the rise. From 1987 to 1988, the export component of total U.S. major appliance shipments rose from 3% to 4.5%, a 50% increase in relative terms. At the same time, the import share of the domestic U.S. appliance market fell from 20% to 17%, a 15% relative decline. In both cases, the product most affected is the microwave oven.

1989 shipments will also be affected by some factors unique to specific product categories.

6. Microwave ovens, which made enormous shipment strides in the '80s, are now found in approximately 75% of all U.S. households. Consequently, demand for this now-mature product is decreasing.

7. Room air conditioner inventories, which were depleted with last summer's heatwave, may remain below desired levels if a shortage of compressors affects the home comfort market again this year.

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